

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of )

PUBLIC UTILITIES COMMISSION )

Docket No. 2008-0274

Instituting a Proceeding to Investigate )  
Implementing a Decoupling Mechanism )  
for Hawaiian Electric Company, Inc., and )  
Hawaii Electric Light Company, Inc., and )  
Maui Electric Company, Limited. )  
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PUBLIC UTILITIES  
COMMISSION

2009 DEC -3 A 9:35

FILED

**HAIKU DESIGN AND ANALYSIS MEMORANDUM IN RESPONSE TO:**

**MOTION FOR INTERIM APPROVAL OF A DECOUPLING MECHANISM FOR  
HAWAIIAN ELECTRIC COMPANY, INC., HAWAIIAN ELECTRIC LIGHT COMPANY,  
INC., AND MAUI ELECTRIC COMPANY, LIMITED AND  
MEMORANDUM IN SUPPORT OF MOTION**

**AND**

**CERTIFICATE OF SERVICE**

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**INC., AND MAUI ELECTRIC COMPANY, LIMITED AND**  
**MEMORANDUM IN SUPPORT OF MOTION**

Carl Freedman, dba Haiku Design and Analysis (HDA) respectfully submits this memorandum in response to the MOTION FOR INTERIM APPROVAL OF A DECOUPLING MECHANISM FOR HAWAIIAN ELECTRIC COMPANY, INC., HAWAIIAN ELECTRIC LIGHT COMPANY, INC., AND MAUI ELECTRIC COMPANY, LIMITED (HECO's Motion) AND MEMORANDUM IN SUPPORT OF MOTION (HECO Memorandum) filed with the Commission on November 25, 2009 by the Hawaiian Electric Company, Inc. (HECO), the Hawaii Electric Light Company, Inc. (HELCO) and the Maui Electric Company, Limited (MECO), collectively referred to as "HECO Companies".

**(1) HDA does not oppose nor does it support HECO's Motion.**

As discussed below, HDA's position regarding an interim order is laid out in HDA's Opening Brief. HDA's position is different than what is proposed in HECO's Motion. HDA does not oppose HECO's Motion, however, respecting HECO's right to propose immediate relief and trusting the Commission's better judgment regarding HECO's apparent need for immediate relief in the larger relevant context that includes the evidence and deliberations in HECO's pending rate case (to which HDA is not a party).

**(2) HDA's position regarding an interim order is different than what is proposed in HECO's Motion.** HECO's Motion asks the Commission to issue an interim order in this docket. HDA also recommended (in its Opening Brief) that the Commission issue an interim order. HDA's recommendation for a possible interim order and HECO's request for an interim order differ in several fundamental respects, including purpose, scope and details. For example, the purpose of HDA's recommendation for an interim order was to capture some immediate benefits if the Commission could take quick action on several matters about which there seemed to be agreement (at least amongst the parties in the docket), leaving several more controversial matters for further consideration by the Commission and possible further deliberation in an extended docket. HECO's Motion, on the other hand, is closer to a request for a prompt final decision and order, essentially requesting summary approval of everything HECO has requested in this docket. HECO's Motion would leave little for determination in any later final decision and order except determinations of any performance incentive mechanism.

HDA's recommended interim order also is contingent upon several provisions and conditions that are not mentioned or included in HECO's Motion or Memorandum. HDA's recommendations are not repeated here since they are listed concisely on pages 37 - 43 of HDA's Opening Brief.

One significant difference between HDA's recommendation and the HECO Companies' request that is not discussed in HECO's Motion is the status of the intervenor parties in this docket. HECO's Motion would put any further consideration of the proposed decoupling policies and mechanisms into future rate case venues which would preclude further participation by the intervenor parties. HDA's recommendation would maintain oversight of decoupling policies and mechanisms, at least for some extended period of time, in the instant docket.

**(3) HECO's Motion relies on HDA's testimony and statements but does not fully explain HDA's position and proposals.** HECO cites to HDA's testimony and briefs over a dozen times in HECO's Memorandum in Support of Motion. Although HECO does not make any specific egregious mischaracterizations of HDA's statements, HDA is concerned that overall, without providing the full or proper context, it may appear that HDA actively supports HECO's Motion. HDA does not. HDA has made its own distinct and different recommendation regarding an interim order and regarding HECO's proposed Revenue Adjustment Mechanism (RAM) in HDA's Opening Brief. Rather than rely on HECO's representation of HDA's position regarding the proposed RAM and the substance of HECO's Motion, HDA asks that the Commission to look to directly to HDA's Opening

Brief where HDA's recommendations and positions are stated clearly and concisely in full scope and proper context.

HECO also states in an attached declaration that HECO has negotiated with one of the parties to craft the proposed interim performance incentive mechanism (IPIM). HDA was not the party with which HECO negotiated the IPIM. HDA has not had sufficient opportunity to understand the proposed IPIM in order to state a position.

Dated: December 2, 2009; Haiku, Hawaii

Signed: CARL FREEDMAN  
Carl Freedman

CERTIFICATE OF SERVICE

I hereby certify that I have, on September 7, 2009 served a copy of the foregoing  
HAIKU DESIGN AND ANALYSIS MEMORANDUM IN RESPONSE TO:  
MOTION FOR INTERIM APPROVAL OF A DECOUPLING MECHANISM FOR  
HAWAIIAN ELECTRIC COMPANY, INC., HAWAIIAN ELECTRIC LIGHT  
COMPANY, INC., AND MAUI ELECTRIC COMPANY, LIMITED AND  
MEMORANDUM IN SUPPORT OF MOTION upon the following entities, by first class  
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Dated: December 2, 2009; Haiku, Hawaii

Signed: CARL FREEDMAN  
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